

POPULAR ANNUAL FINANCIAL REPORT

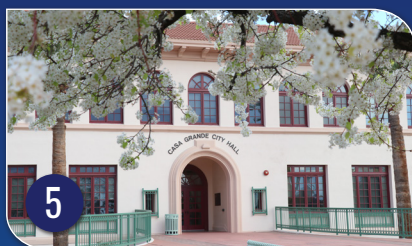
A GROWING HORIZON | FISCAL YEAR ENDING JUNE 30, 2017

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MESSAGE FROM MAYOR MCFARLAND

While I reflect on the accomplishments and challenges of FY 2017, I can't help but be supremely proud of Casa Grande and its growing horizon. One revelation I have had in my first year in office is that cities and towns are the lifeblood of our state. Our city is literally where the rubber meets the road.

Among the great things accomplished during this past year was the establishment of a community health initiative and Mayor's Homelessness Task Force, the initiation of plans to establish a community marketing organization, the finalization of plans for the Community Recreation Center to be built in 2018, continued discussions with ADOT regarding the widening of 1-10 between Casa Grande and Phoenix, and the continued prioritization of economic development and job creation.

The City of Casa Grande is in a good place. Our community is financially healthy, has strong leadership at its helm, and we look forward to another year of making Casa Grande a great place to live, work and play!



FY 2017 CITY COUNCILMEMBERS



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CASA GRANDE, ARIZONA: THE LOCAL ECONOMY

Casa Grande's population has grown at a rate of approximately 1.5% annually since 2010 and is projected to grow by a slightly higher rate of 2% over the next ten years, reaching 65,000 by 2027. As the largest city in Pinal County with a population 54,534, residents enjoy a low cost of living with a property tax rate of .999% and a sales tax rate of 8.7%. Casa Grande's sales tax rate is amongst the lowest in Pinal County while the city boasts a 5.2% unemployment rate, significantly lower than the Pinal County average rate of 8.6%.

Casa Grande's burgeoning economy is diverse with the current labor force employed primarily in the fields of healthcare, social services, education, and manufacturing. The City's high rate of population growth has helped it attract major manufacturing development deals with the likes of Frito Lay, Hexcel Corporation, and Lucid Motors, in addition to entertainment venues such as Attesa Motorsports and Dreamport Villages. Casa Grande's current job growth rate of 3.18% and future job growth rate projection of 39.66% over the next ten years



will sustain its continued growth in the fields of retail trade, construction, transportation and warehousing, and manufacturing.

Its close proximity to both the Phoenix and Tucson metropolitan areas make Casa Grande the social and economic hub of Pinal County, while also

providing a high quality of life to Casa Grande residents with a wide array of amenities.

A strong economy, talented workforce, and enviable quality of life continue to demonstrate why new businesses choose Casa Grande as their home, and why existing businesses continue to prosper.



TOP BUSINESSES: SIX MAJOR EMPLOYERS IN FY 2017

- | | |
|---|--|
| 1. Wal-Mart Distribution Center (1,152 employees) | 4. Hexcel (500 employees) |
| 2. Casa Grande Elementary School District (896 employees) | 5. Frito Lay (450 employees) |
| 3. Banner Healthcare Center (650 employees) | 6. City of Casa Grande (450 employees) |



KEY INDUSTRIES

The City of Casa Grande's key industries in FY 2017 continued to focus on retail trade, manufacturing, and agriculture, with significant contributions from health care and social services as well. The City of Casa Grande continues to generate significant media attention at the national and international levels with major economic development announcements by electric vehicle manufacturer, Lucid Motors, extreme sports theme park, Dreamport Villages, motorsports complex, Attesa Motorsports, and global sourcing center, Phoenixmart. Once completed, these projects are estimated to bring in over 15,000 new jobs and over \$4 billion in potential capital investment.

SNAPSHOT OF KEY PROJECTS



PHOENIXMART

Over the past year, PhoenixMart has undergone significant construction progress, most notably going vertical in the fall of 2016. In addition, 35,000 cubic yards of concrete were poured, 25,000 feet of underground sewer pipe was laid, and 1,000 footings and piers were poured to support the structure. PhoenixMart will bring 2,000 businesses under one roof and is the anchor for a 585 acre master planned development.



LUCID MOTORS

Casa Grande beat out 60 other potential sites in 13 states to secure the manufacturing facility for Lucid Motors. Lucid, a new Silicon Valley luxury electric vehicle brand, continues to evaluate its fundraising options and work on preparations for its 500 acre, \$700 million facility that will create 2,000 jobs.



DREAMPORT VILLAGES

The extreme-sports themed amusement park and destination resort received unanimous approval from the City Council for its land use permits. Upon completion, Dreamport Villages is projected to create 15,000 direct and indirect jobs, with an annual visitor count of 15 million.

MAJOR ACCOMPLISHMENTS AND PROJECT HIGHLIGHTS IN FY 2017



1. The Community Development Division was proud to complete rehabilitations on five owner occupied housing units. This grant funded program assists income-qualified residents with home repairs and is a vital tool for neighborhood revitalization efforts.

2. In order to improve resident's access to information, the Public Information Office launched a redesigned website (www.casagrandeaz.gov) which now contains several new features to enhance user experience, navigation, and content.

3. The City of Casa Grande completed a three month project to replace 3,900 high-pressure sodium street lights with new LED lights that provide higher quality light while conserving energy. The project is expected to save 40% on energy costs and \$3 million over the next 15 years.



4. In an effort to address the need for additional transportation options, the City of Casa Grande began work on a Transit Development Plan. This ongoing process includes several public meetings, an online survey tool, and community interviews.

5. As part of the creation of a Community Health Initiative, Mayor McFarland, in partnership with community stakeholders, established a Task Force on Homelessness. The first step of this project was the creation of a resource page on the new city website that offers vital information and resources.

6. The Casa Grande Police Department implemented a new program using crime and traffic data called DDACTS, Data-Drive Approaches to Crime and Traffic Safety. In its first quarter of implementation, the program was successful in reducing crime and serious traffic accidents.



COMMUNITY RECREATION CENTER UPDATE

See the latest project updates at www.casagrandeaz.gov

A YEAR IN REVIEW: BY THE NUMBERS



**9,252 BUILDING
INSPECTIONS PERFORMED**



**1,898 VICTIMS SERVED BY
CITY ATTORNEY'S OFFICE**



**38,081 ROUNDS OF GOLF
PLAYED (18-HOLE ROUNDS)**



**24,331 HOME DELIVERED
MEALS PROVIDED**



**298,006 ATTENDEES FOR
PARKS AND RECREATION**



**1.73 BILLION GALLONS OF
WASTEWATER TREATED**



**1,086 TONS OF RESIDENTIAL
RECYCLABLES COLLECTED**



**293,763 VISITS TO BOTH
LIBRARY BRANCHES**



**6.24 MINUTES AVERAGE
POLICE RESPONSE TIME**



**7,489 FIRE DEPARTMENT
EMERGENCIES**



**31,693 CALLS FOR SERVICE
TO POLICE DEPARTMENT**



**463,876 FEET OF PAVING
STRIPING ON CITY STREETS**

**Figures above reflect accomplishments for FY 2017.*



In December 2017, the Casa Grande Mayor and City Council unanimously approved a \$16 million contract for the construction of the Community Recreation Center. Initially approved by voters in a bond election in 2006, the construction of a Community Recreation Center will take place at 1900 N. Peart Road, between Kortsen Road and Cottonwood Lane. Work to be performed includes the construction of a 50,000 square foot facility, furnishings, and site and utility improvements.

This approval came months after extensive pre-construction services including a programming plan and conceptual design for the facility. Following a thorough review of a finalized site plan, layout, design renderings, and construction drawings, Mayor and City Council approved a contract to commence construction of the project. The facility is anticipated to break ground in February 2018, and construction is expected to take 12-14 months with the facility being completed in March 2019.

SUMMARY OF OTHER FUNDS



SPECIAL REVENUE FUNDS

REVENUE: \$2,951,588

EXPENSES: \$2,899,123

The city maintains twenty special revenue funds, including funds dedicated to streets, airport, park development, senior services, court and housing funds, and more. The uses and limitations of each special revenue fund are specified by city ordinance, federal, or state statute.

INTERNAL SERVICE FUNDS

REVENUE: \$3,789,889

EXPENSES: \$3,707,362

Internal service funds reflect activities in which the city is the customer. The fleet services, facilities maintenance and risk management funds are the city's three internal service funds. Their purpose is to provide vehicle maintenance and facilities services to city departments, as well as insurance costs and risk management.

DEBT SERVICE FUNDS

REVENUE: \$2,500,955

EXPENSES: \$5,000,062

These funds are used to account for the accumulation of resources for and the payment of general obligation long-term debt principal, interest, and related costs.

ENTERPRISE FUNDS

REVENUE: \$20,061,870

EXPENSES: \$15,700,204

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprise. The costs of providing services to the public are financed or recovered primarily through user charges. The city maintains separate enterprise funds for water, wastewater, sanitation, and the golf course.

*Revenues and expenditures listed above do not include transfers.

GOVERNMENTAL FUNDS OVERVIEW REVENUE AND EXPENSES

The total expenditures for the City of Casa Grande, excluding transfers for FY 2017 was \$61,131,152. Of that total, 67% or \$40,988,480 was for General Fund use. Other governmental funds are created to account for specific activities, and include special revenue funds, internal service funds, capital projects, and enterprise funds.

The General Fund is the primary operating fund of the City of Casa Grande. It exists to account for the resources used to pay for the services typically associated with government, such as fire and police protection, parks and recreation, planning and community development, and the general administration of the city.



WHERE DID THE MONEY COME FROM? (GENERAL FUND)

SOURCE	FY 2016	FY 2017
City Sales Tax	\$18,657,514	\$19,222,356
Intergovernmental Revenue	\$13,230,338	\$13,728,925
Property Taxes	\$3,612,323	\$3,667,115
Franchise Taxes	\$2,388,109	\$2,449,704
Fines	\$589,589	\$854,556
Rental and Sale of City Property	\$197,617	\$222,969
Charges For Services	\$2,520,296	\$1,134,068
Investment Earnings	\$329,744	\$111,706
Contributions and Donations	\$16,698	\$8,112
Miscellaneous	\$240,754	\$311,484
GRAND TOTAL	\$41,981,271	\$42,692,520

HOW WAS THE MONEY SPENT? (GENERAL FUND)

SOURCE	FY 2016	FY 2017
Animal Control	\$421,918	\$458,773
Communications	\$1,454,576	\$1,543,073
Court	\$642,766	\$673,002
Culture and Recreation	\$5,838,689	\$5,949,701
Fire	\$8,043,645	\$8,334,175
General Government*	\$7,504,051	\$7,631,526
Other	\$951,185	\$2,433,693
Planning & Economic Development	\$1,806,640	\$1,831,067
Police	\$12,957,155	\$12,927,718
*Includes Administrative Services, City Attorney, City Clerk, City Manager, Finance/IT, Human Resources, Mayor & Council		
GRAND TOTAL	\$40,907,073	\$42,942,291



ANNUAL BUDGET: PROCESS AND TIMELINE

The annual budget process is an ongoing effort that combines the input of citizens, direction by Mayor and City Council, and recommendations by staff. This multifaceted approach is key in order to ensure that the needs of the community are met. Citizens are always encouraged to participate in this critical process.



CITY SALES TAX

In FY 2017, the total local tax collections by the City of Casa Grande amounted to \$19,222,356, \$564,842 more than the \$18,657,614 reported in FY 2016.

The increase in sales tax revenue is attributed to a sustained increase in the local economy. Consumers taking advantage of increased spending capabilities, coupled with the recent opening of Sam's Club and Tractor Supply Company, have enabled Casa Grande's local economy to witness a solid year driven by commercial construction, new business, and sustained increased in retail sales tax collections.

PROPERTY TAX

Casa Grande residents continued to see no increase in their property tax rate during FY 2017. The property tax rate remained constant at \$0.9999 per \$100 of assessed valuation, with no increases in primary or secondary rates. Compared to four nearby cities in Pinal County, Casa Grande residents continue to have the lowest property tax rate.

Primary taxes are used to fund general government operations including police, fire, and recreation services. Secondary taxes go toward interest and principal payments on voter approved general obligation bonds issued by the city for capital improvements, such as streets, libraries, public safety, court, and other public buildings.



AWARDS AND ACCOLADES

#14 MOST GIVING CITY IN THE US
RANKING BY TRAVELOCITY

#19 SAFEST CITY IN ARIZONA
RANKING BY SAFE HOME.ORG

AWARD FOR EXCELLENCE IN FINANCIAL REPORTING
BY THE GOVERNMENT FINANCE OFFICERS ASSOCIATION

**AWARD FOR OUTSTANDING ACHIEVEMENT IN
POPULAR ANNUAL FINANCIAL REPORTING**
BY THE GOVERNMENT FINANCE OFFICERS ASSOCIATION

AWARD FOR DISTINGUISHED BUDGET PRESENTATION
BY THE GOVERNMENT FINANCE OFFICERS ASSOCIATION

PLAYFUL CITY USA
DESIGNATION BY KABOOM!

TREE CITY USA
BY THE NATIONAL ARBOR DAY FOUNDATION



City of
Casa Grande

This report is a summary of the unaudited financial activities of the City's funds reported in the Comprehensive Annual Financial Report (CAFR). It contains information only from selected funds. The CAFR contains more detailed information and outlines the City's financial position and operating activities each year. These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The CAFR, Annual Budget, and Annual Report are available at www.casagrandeaz.gov or at 510 E. Florence Boulevard, Casa Grande, AZ.

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